

Opinions

Create a business platform your hotel will profit from

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Here's a look at how to develop a back-of-house platform that allows hoteliers to manage their hotels in a profitable way.



By Jay Troutman

One of my early consulting projects involved a management company with five properties and an appetite for significant growth.

The owners were concerned with how to manage their business from the back of the house by the numbers. They were expert tax attorneys who were new to our industry.

Our consulting assignment was to design, spec and bid a hospitality accounting system that could mix and report on accounting dollars and KPIs, on a daily basis, across multiple properties. It's routine now, but it was not so easy in the 1970s (before spreadsheets).

The two founders, Milt Fine and Ed Perlow, had a vision for their new company (Interstate Hotels) that embraced dramatic growth and sophisticated back office tools. They were pioneers. They more than achieved their vision and became a great success story.

Here are some of the fundamentals of "preparing for profits" that were birthed in that era.

1. Develop standards

Standards should include procedures, operating policies, a common back office platform and a hospitality chart of accounts.

Standards enable rapid growth and reduce chaos. This lets management add flags, acquire portfolios, move employees between properties, analyze results and compare performance across properties uniformly. If you have your standards in place, congratulations!

Many systems are dictated by the flags. Two key choices management companies and owners can make are the back office and chart of accounts. This combination spans the entire portfolio, becomes the underlying "numbers" backbone of your business.

The advantages of a standard common chart and B/O system include:

- easy data movement, rollups and data consolidation;
- complex analytics available across multiple properties and KPIs;
- standardized budgets and forecasts; and
- staff can easily move between hotels (same system, same chart).

One caution: implementing and maintaining a standard chart that accommodates the range of property types in your portfolio (past and future) is gritty work, especially when different charts arrive with acquisitions and legacy properties.

2. Leverage technology

This includes broad internet use, data integration, going paperless and mobile access.

Broad internet use

From a back office perspective, we came from a world where the data sat at each property. With the internet, we can centralize data and have a distributed accounting workforce. The internet brought us the best of both worlds. One of our clients leverages night auditors at distributed locations to monitor and direct the flow of each day's numbers into a central database.

Data integration



Data can be uploaded to a central back office location without rekeying. Look to integrate with PMS, payroll, banking and other systems. Data integration minimizes human keystrokes and improves accuracy for a timely, reliable financial picture.

Going paperless

A robust document management system (DMS) will store, manage and track images of paper-based information captured using a document scanner. DMS efficiencies include:

- reduced physical storage space;
- significantly easier retrieval (no more walking to the file cabinet and sifting through folders to find an invoice);
- better collaboration (much easier for more people to see the same document across distributed locations); and
- the ability to back-up and restore (disaster recovery).

Mobile

Mobile-friendly accounting applications rearrange the screen for mobile access to boost staff productivity. One of our clients entered 20 to 30 invoices via his mobile phone while waiting for a doctor's appointment.

Looping back

Interstate Hotels established a culture with a focus on back office technology and the numbers. They saw what was needed to prepare for profits, broke new ground to achieve dramatic growth, and the rest is history. Their many capable alumni can be found throughout our industry.

Continued growth is still in the forecast for our industry. Travel well. Check in often.

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